# Vol. XXXIII .... No.10,273.

# GOVERNMENT SPIES.

JAYNE'S DISHONESTY EXPOSED.

HIS GOOD STANDING BEFORE THE COMMITTEE DE-STROYED BY A SIMPLE STATEMENT BY MR. DODGE OVERVALUATION OF GOODS INSTEAD OF UNDER-VALUATION BY PHELPS, DODGE & CO.-HIGH OFFI-CIALS EMPLOYED TO DRIVE THE FIRM TO A SET-TLEMENT-DANGER TO THE ADMINISTRATION IN THE PRESENT SYSTEM-A POWERFUL ARGUMENT BY MR. HYDE.

[BY TELEGRAPH TO THE TRIBUNE.]

WASHINGTON, March 5 .- The developments of today have swept away like chaff the ingenious, unfair, and dishonest statements of ex-Treasury Agent Jayne before the Ways and Means Committee. His hypocrisy, his facility of expression, his knowledge of the laws relating to moieties, and the positive ignerance of the members of the Committee as to the manner in which merchants are robbed under the guise of laws relating to seizures, forfeitures, &c., bad all combined to give Mr. Jayne a better standing before the Committee than he deserved, and for a time, at least, it was apparent that he had made a strong impression on their minds that there was not an honest merchant in business. The tide now has been so completely turned that Mr. Jayne has not a friend upon

The clear, compact, simple statement of Mr. Dodge te-day, and the remarks of Mr. Hyde at the meeting of the Committee this evening, have placed before the members a picture of the disgraceful system now practiced, so plain in every feature that it cannot be misunderstood. The system was shown to be so monstrous in its meter and extent, that it extends into Legislative halls, to the judicial bench, and almost to the very feet of the very highest in the land.

Mr. Dodge showed that his firm had been in business for 40 years, and that during the time they had paid the Government in duties alone \$50,000, 600, and that never before had they been charged with fraud or had any trouble. The amount of duties due when Mr. Jayne began was confessedly only \$1,600, and the total importation on which the alleged undervaluation occurred was only \$6,658. He also showed that during one year the \$200,000 and \$300,000, and paid duty on them at the increased rate of 25 per cent, During a period of five years the firm bad done a business of \$40,000,000. The firm, as he could show, had on at an overvaluation. Mr. Dodge described the manner in which he was informed of his alleged trands in Jayne's den. Jayne, James, and Noah Davis were present. From that time the game of intimidation began, and on every opportunity Mr. Pacips was reminded of the number of years the bers of the firm could be sent to prison, how much they could be fined, and bow much they could be made to forfeit. This game was not confined to Jayne and the small players, but the names of Congressmen, Judges, Sena-tors, Secretaries and the highest powers in the country were used to drive the firm to a settlement. Gen. Butlergwas so much concerned that he himself played the part of threatener. He told convict the firm before any court in the Union. Even the fair name of Senator Conkling was not unheard during the efforts to enforce a settlement.

There were many considerations which induced the firm to settle. In the first place, the official power thrown against them was frightful in its extent, and could scarcely be resisted. It was evident that a conviction would be forced, and the payment. or even a decree against them of \$1,700,000, would scriously impair their credit at home and abroad; and further, it was known to them and to all that Secretary Boutwell was about to go out of office, and knowing Gen. Batler's power and his interest in the case, it was robable that he might influence the succession. Mr. Dodge said there were six or eight leading men in the country, among them several members of Congress who were strangely interested in the case. He would have given the names of the members of Congress had the Committee asked them, but the Committee thought it would make the in vestigation rather too pungent.

The argument of Mr. Hyde is described as being one of the most powerful and startling ever made before a Committee. He said, among other things, that he could state from his experience while United States Attorney, and from his thorough acquaintance with the subject, that no merchant having due regard to his character and capital would venture to continue the business of an importer un-der the present law and its pracadministration, and that the terror of merchants had been greatly mereased within a very recent date by a knowledge of the fact that the leading representative of the Admiuistration in the House of Representatives and one of the controlling men in the counsels of the nation was the man to whom special agents and informers resorted for legal information, and who was their paid attorney and a heavy participant in most of the compromises recently effected. This was said in a manner which carried conviction, and the portrait was recognized se that of Gen. Butler. Mr. Hyde said he knew the facts he charged.

It was after 10 o'clock to-night when the Committee closed its session, and another meeting is called for to-morrow. Just before the adjournment was made Mr. Javne gave indications of "hedging," for he could not help seeing how the tide was turning sgainst him. He told Mr. Hyde that had he known that there had been any overpayment on the part of Phelps, Dodge & Co. he would have obtained their release. He did not know there had been more overvaluations than undervaluations, or he would not have proceeded against them. It is evident that the entire Committee, without a single exception, are on the side of the merchants. Their whole proceeding and conversation showed it, and some of them have even gone so far in private conversation as to denounce Jayne as a rogue. The merchants have prepared a bill which they will urge upon the Committee,

Mr. Hyde will speak on the bill, and close tomorrow. Some other member of the Boston delegation will follow, and Mr. Schultz will probably close the speaking. The merchants are unwilling to spend a longer time here than is necessary, and from present indications they will be able to start for home on Saturday night.

THE INVESTIGATION OF THE MOIETY

QUESTION. THE CASE OF PHELPS, DODGE & CO .- A STATEMENT

heard, and for this purpose he would yield to that gen STATEMENT OF WILLIAM E. DODGE.

Wm. E. Dodge said it was not his intention to trouble the Committee with his case, but this seemed to be now rendered necessary, after the extraordinary course of the Committee concerning what he called duplicate and fraudulent invoices, in justice pied the position of a merchant for fifty years, but had not, until lately, been assailed and maitreated by the officers of our own Government, one of whom had made statements for the purpose of satisfying the Committee that a great wrong had been committed by his firm. Mr. Dodge said that after their case had been before the public some time they had paid the money. The press, notwithstanding all the circumstances, made unfavorable comments. Rather than subject themselves to a suit for \$1,000,000 they paid the \$271,000 demanded. He said then and now that a great injustice had been done

Mr. Dodge then showed the Committee the working of the law, saying that at the present time, and without any agency on the part of his firm, an attempt was made again to parade their case before the public, as one of the most terrible that had ever occurred under the Customs service, and attempts were also made to show that there was evidence beyond all question that there had been premeditated fraud for a series of years. Such offorts to injure the firm were traced to those who par the case was to be brought to the attention of Congress, where it would be shown that the firm was composed of men who had deliberately undertaken to defraud the Government. All this was done to strengthen the system which had placed money in the bands of the accuser. This firm had imported goods to the value of from \$400,000,000 to \$500,000,000, and paid more than \$50,000,000 in duties. Their good name had never been assailed until it was assailed by Governmen officers. If errors, or even frauds were suspected, the persons suspected should have an opportunity to explain before legal proceedings were instituted. As the Custom-house was managed a fourth of a century ago, the Chief Executive officer would have sent for a member of the firm and asked him to go before an attorney or solicitor, or hear a statement himself before deciding

The first knowledge or hint that ever crossed his mind business wrong was when he was sitting at the board of one of their public institutions. He was asked to come to the Custom-house. There, for the first time, he confronted this Jayne. The then District-Atterney, Judge accompanied him. He had no idea what he was called wrong. Mr. Jayne, opening the conversation in his usual bland way, said he was sorry that the Government was in possession of facts to show that the firm was engaged in a deliberate attempt to defraud the revenue by a systematic series of forgeries; and secondly, by importing goods with supposed that he (Mr. Dodge) knew very well what were the penalties involved under these circumstances, giving him to understand that every act of periory of which he might be gullty subjected him to a fine of \$5,000 also said that under such false invoices and under valuation, according to the law of 1863, the firm had for thued, "I have a warrant from the District Court to take possession of your books and papers." This to be an honorable and upright man, and said to him: duce a single duplicate invoice ever used by Phelps, Dodge & Co." Jayne said: "I have the affidavits to show that you tampered with officers of the Govern any books or papers to establish such cases they are at your service." Judge Davis remarked to Javne that nothing could be more fair, and that there was no necessity to issue a warrant. Mr. Jayue then said that he would go to the store and get what books he wanted. Going to his office and entering the back room, Mr. Dodge said to those present : "There is a fearful charge against us of defrauding the revenue and of perjury, and here is a United States offi-cer to take possession of our books." Mr. Jayne had one were at their desks and astonished at the proceedings. Mr. Jayne took what books he wanted, and a cart was backed up at the door to take them away. Mr. Jayne, looking over his paper, said he wanted a red book with a clasp. Neither he (Mr. Dodge) nor his partners or clerks had ever seen such a book, but Jayne said it was ok, the District-Attorney said it was kept back.

Mr. Dodge wanted the Committee to understand he the Government deals with merchants under the law. Mr. Jayne said he was industrious, and watchful, and any man engaged in such business must not be industri ous to receive extraordinary sums of money as the emouments of labor. The members of the Committee receive but a small pittance, and the country thinks they ought not to have more. But this gentleman (Mr. Jayne received four times more than the salary of the President of the United States, or twenty times more than any member of Congress. The alleged false and duplicate invoices are a great bugbear. It was not so much that he (Mr. Dodge) feared the tail and the accusation of perjury, but the payment of \$1,750,000 -that was like a pistol held to his ear; it was money or ruin. The effort was made to impress upon the victim that this was one of the most wonderful cases of fraud on record. Judge Davis said he was never called on to examine a case so terrific as this one. The firm did not know, nor could they escertain what the Government claimed could be under valued. All they could learn was that the amount was large, and further, that it was a very terrible case.

Mr. Dodge then examined the matter of invoices, con-futing the statements of Mr. Jayne, who, yesterday, read only one, but not the other oath required; and Mr. Dodge said that Messrs. Phelps, Dodge & Co. could not go into the market at Liverpool and buy at any time ready manufactured, one-eighth part of the tin the keep constantly in stock. They make their contracts with ten, twenty, thirty, or forty parties for tin plate, taking so many boxes a month They fix the price on Jan. 1 for supplies throughout the year or quarter. Tin plate was at first small - 10 by 14 inches-afterwards 14 by 29, and 20 by 40. Formerly, 500 boxes of tin was the limit imported, but now the importation is between a million and a half and two million boxes. There are no regular manufacturers of the largest sizes of tin. They are not of merchantable sizes and weight. All the immense sizes are made to order. Vessels are made of such tin without seams, the manufacture being by stamping them into shapes. [The firm make contracts with manufacturers in Chicago, Philadelphia, and all over the country. There is hurry in doing the business in Liverpool six or eight vessels leaving per day, at 4 o'clock, and it being necessary to have the papers on board at once. In no case were there duplicate invoices, and he defied that man Jayne to say there were. In order, however, to save labor, copies are taken with a press from the bills of the manufacturers. These copies were made to facilitale the business, and to instruct the young man in charge of the business in New-York on the arrival of the vessel as to the particular destination of goods coming by the vessel, instead of first carting them to the ware

by WILLIAM R. DODGE & CO.—A STATEMENT BY WILLIAM R. DODGE—HOW THE GOVERNMENT FPIES PROCEED IN THEIR WORK—ENDEAVORS TO TERRIFY THEIR VICTIMS—GEN. BUTLER'S THREAT TO RUIN PHELPS, DODGE & CO.—FURTHER REMARKS BY MR. BYDE.

[GENERAL PRESS DISPATCH].

WASHINGTON, March 5.—The Committee on Ways and Means resumed its session on the moiety coastion this morning. The persons present from New-York were Jackson S. Schultz, D. C. Robbins, John Austin Stevens, S. B. Eaton, and Cophas Brainard, representing the Chamber of Commerce. There were also Fresent, in addition to those previously mentioned, John D. Jones, Wm. H. Lee, Josiah O. Low, and Samuel D. Babcock.

Benjamin P. Nourse, representing the Boston Board of Trade, after a few preliminary remarks as to the purpose of his appearance before the Committee, in connection with a change in the Custom laws, suggested that as the firm of Phelps, Dodge & Co. had been assalled here, it was but right that Mr. Dodge about has such a dready on which duties were not paid formed that as the firm of Phelps, Dodge & Co. had been assalled here, it was but right that Mr. Dodge about has Now the entire amount about they were not paid.

NEW-YORK, FRIDAY, MARCH 6, 1874.

was only \$0.658, and the amount due the Government, \$1.558. He wanted to do justice to a Government officer, namely, Mr. Boutwell. Certain statements had appeared that Mr. Boutwell did not treat them fairly and honorably; but, if they had followed the Secretary's advice, they probably would not have paid \$271,000. He came here to see Mr. Boutwell and stated the case to him. He told Mr. Boutwell that they had looked these things over with great care, and it was simply a matter between themselves and the Government. They objected to going to the courte, but Mr. Boutwell advised that they should do so, saving that if the matter should then come back for his consideration he would look at it personally and carefully. Mr. Dodge consulted with his partners, and they came to the conclusion not to go to court.

Mr. Dodge remarked that Gou, Butler said he had a single letter from Phelps, Dodge & Co., which was safficient to convict them in any United States Court. The firm, learning what it was, laughod. When the firm for the first time imported in for cheese-vate, instead of putting it is boxes, it was but in bundles, with scrips of galvanized iron round them. The appraiser called their attention to the fact that the tin should have been in hoxes. To avoid future trouble they wrote to their friends abroad to put the thin in boxes thereafter, with marks of their weight and manufacture. The reply came that they would endeavor to follow instructions, but the manufacturers added, "If in any respect we shall differ, let us know, and we will fix it." Gen. Butler now had it. "We will on this," he said, "convict Phelps, Dodge & Co. in any court in the United States." When he (Mr. Dodge) returned from Washington the firm decided that they had better pay the amount demanded than have a judgment of \$1,750,000 entered against them in court; besides, instead of receiving a molety on this large amount, the informer would receive the molety on only \$271,000. The firm did not take the advice of Mr. Boutwell, as at that time in ignoran

office but what it was known. One of his partners, as January came around, opened his dess, and uniting out such letters as he wished to retain, burned the rest. They received a letter from their attorney informing them that Mr. Jayne said that Phelps, Dodge & Co. were burning up their papers, and he would have them all in Ludlowest, Jail that night. How did Mr. Jayne know? Because he had under pay a man in their store, the second bookkeeper. They traced the fellow, and turned him out of their store. He went where he was now employed. He was a clerk in the Post-Office. A place was obtained for him by the agent of the United States. In answer to a question, Mr. Dodge emarked that, being now? To years old, and having been in the business 50 years, he had hoped to be permitted to die in peace. Theirs was the case characterized as the greatest of record, held up to vindicate the law and to show who these infernal merchants are. The firm admit that some of their goods were undervalued by mistake, the market value at the time of shipment being governed by the value of the goods in the main lines of invoice. The undervaluation was on a few boxes, and the difference was between the price at that time and what they paid a few mouths before they put it on their invoice book. It was n't a time of fluctuation in metal in Eagland. In the month of January, 1872, they paid 28 shillings; in July, 44 shillings, and in December, 35 shillings. In reply to the accusation that they had paid \$1,000 to an appraiser for damaces on Russia sheet from, he said that they found that the ship sailed from St. Petersburg six months after the date it was said the money was paid. He could prove that they paid on one single contract in 1872 duties on \$26,000 by their own over-valuantion, and on their total imports that year of \$8,500,000 they voluntarily added to the lavoice sent from Liverpool \$250,000 on account of tim, paying the Government 25 per cent duty. With this statement Mr. Dodge submitted the case.

The Committee then adjourned to me The Committee then adjourned to meet at 14 o'clock

to-night, Mr. William E. Dodge concluded his statement,

to-night, Mr. William E. Dodge concluded his statement, saying:

From the first moment the thunderbolt fell on us, great stress has been laid on the assumption that no one for a moment suspected that I had any knowledge of irregularities in my effice, thus by implication placing the pretended fraud on some other members of my ifrm. Whatever responsibility there may be, we will stand or fall tegether. We are all one family, consisting of brothers-in-law and our own sons, and, as parents, we thank God that none of our sons are capable of an attemot to cheat the revenue. They are all independent of any motive to such an act, and the three seniors, after maintaining an honorable position till we have reached near three-score and ten, with God's hlessing on our honest labor, and having enough without stealing, intend to go to our graves, leaving our children at least the inheritance of an unspotted reoutation, save that which our Government mas inflicted. Permit me to say with all frankness, and not as one suffering from a sense of injury, but as one who has for the past 15 years stood by the Administration, giving five times as much every year as the amount claimed due the Government, that unless something is done to reassure the confidence of the importing merchants very soon, they cannot be expected to continue their support, and a few years will suffice to drive American merchants if from the field and transfer the business to unnaturalized foreigners, who, keeping no books in this country, will, after making their money, return home to spend it, and our American merchants will be driven from commercial pursuits. We shall then present to the world the sad spectaclo of a great country without a merchant marine and its commerce handed over to strangers.

Mr. Dodge was interrogated at some length on the subject of ioregu values, invoices, bills of lading, etc.

Mr. Dodge was interrogated at some length on the subject of foreign values, invoices, bills of lading, e.g., and cave it as his opinion that specific duties should be levied in all cases where practicable. Private bonded warehouses were liable to more risk than otherwise. In other words, there was more opportunity for abuse. As to moneties, he was opposed to the whole system of spice and detoctives; but there should be carefully prepared laws, with officers of high character and standing in the Custom-house, and not men solely to make places. The selizare of books and papers was a remnant of the dark ages. He made a correction in his remarks of this morning. He should have said that during forty years the importations of his firm were between \$100,000,000 and \$100,000,000. and not be wen \$400,000,000 and \$100,000,000.

ELEMARNS BY MB. HYDE. REMARNS BY MR. BYDE.

Mr. Hyde, representing the Boston Board of Trade esumed his remarks from yesterday against the present system of moleties. He thought, however, that the Preasury agent might be instrumental in correcting mistakes at points where they occur, and thus secure submitted whether it was fair that when a man attempted to cheat the Government of \$5,000 the penalty should be \$100,000, as in a case be cited. He knew the special agent in Boston, and his assistants were honself. He did not make a charge against them, but against the law. A recent case occurred in Boston. At the instance of a special agent, not the one in Boston, or Jayne, now here, the books and papers of a mercantile firm were seized by the Marshal. The agent left an article with a newspaper, stating that the house in question had been guilty of defrauding the revenue to the extent of \$1,500,000. If this had occurred during the late panic, the firm would have been ruined. The charge had not yet been made against the firm in court. The special Agent had a brother who had been a circk in that importing house for years. The gentlemen could have an idea of the terrible fear of merchants, that attempts may be made to tamper with their elerks by special

special Agent had a ordard was had been acted an idea of the terrible fear of merchants, that attempts may be made to tamper with their clerks by special agents for the purpose of obtaining moleties.

He related some of the practical workings of the law, saying, as it stood it was driving the business of importing by Americans from our own posts, the foreign houses running no risk. It was impossible for merchants to live with the terror of special agents pending over them. In New-York and Boston a member of Congress the meant Gen. Butlar) is retained and with a shrewd special agent and the Government Attorney, what chance has the merchant with the Secretary of the Treasury, who may be honorably disposed in all cases? He read from the communication of Secretary Bouweil against the present mosety system in which Secretary Richardson concurs. The Senate Committee on retreneament in 1872 also condemned the System. It might, however, be retained in cases of smuggling. We have never dared to selze a Cunard steamer for smuggling by its officers, but our own citizens are stripped of their property for violation of law either by design or inadvertence, while the foreigner is relieved on paying the duty. Mr. Hyde alluded to the fact that in Boston in four years it cost the Government \$22,000 as duty due from delinquents. Who would deem it safe, he asked, if the police of etics should have a promise of reward for every arrest made? If there should be such an attempt made, the people would drive the police from their milet.

The committee at 10 o'clock adjourned until to-mor-

PROPOSED ABROGATION OF THE MOIETY SYSTEM.

THE CIVIL SERVICE COMMITTEE AGREE TO A BILL ABROGATING THE SYSTEM OF FEES, MOIETIES, AND PENALTIES

(BY TELEGRAPH TO THE TRIBUNE) Washington, March 5 .- The following bill,

although a short one, has a good deal of meaning in it. It was originally presented several months ago by Mr Merriam, and referred to the Civil Service Committee where it was amended. It was considered by the Committee to-day, who decided to report it to the House with a favorable recommendation. The bill is in the hands of Mr. Woodford, who will report it jat the first opportunity. Among other good results that would follow its passage would be the abrogation of the presen mischievous and oppressive system of fees, moieties, and penalties to such people as Detective Jayne. It would also do away with the habit of buying family

# WASHINGTON.

THE PROGRESS OF RETRENCHMENT.

ELABORATE SPEECH BY GEN. GARFIELD-HR ESTIMATES A REDUCTION OF \$34,000,000 IN THE APPROPRIATIONS-A PLAN OF ECONOMY-THE SPEECH CONSIDERED A COMPLETE REPLY TO

[BY TELEGRAPH TO THE TRIBUNE.]

WASHINGTON, March 5 .- Gen. Garfield delivered an elaborate speech on the finances to-day, confining himself mainly to the subject of Government ex penditures, a theme upon which he showed himself to be so thoroughly informed that his statements and statistics were accepted by most of his hearers as authority that could not be disputed. His wellknown habit of painstaking research and accurate statement gave to his speech an especial importance. and as it deatt for the most part in figures which Republicans at least regard as trustworthy, and did not go much into theorizing or speculations, it will be likely to furnish a good deal of the groundwork for future financial discussion. About the only theory that Mr. Garfield advanced

was that in appropriations Congress should not, as Mr. Dawes said, cut its coat according to its cloth, but should provide cloth enough to cut a garment of sufficient size to cover the giant that was to be clothed. Beyond a certain point retrenchment could not go without cutting into vital and necessary functions of the Government. He spoke of a working surplus in the Treasury as essential to its healthy condition, and said that when such a surplus was wanting it was a sure sign of bad legislation or bad administration. He agreed with Mr. Dawes that a deficit was an indication that the dry rot had struck the party in power, and gave an in teresting history of the causes that led to the deficits that occurred in 1811 and 1857, the only occasions when the Treasury had been without a surplus in time of peace. In both cases the surplus disappeared, not by extravagant expenditure, but by too great a reduction in the revenue, and if we were threatened with a deficit now, it was from the same cause. Since 1868 taxes that produced \$319,-000,000 annually had been repealed. At the same time there had been a constant reduction in the expenditures, the appropriations of the last fiscal year being \$230,000,000 less than those of 1866.

The most important part of the speech, so far as its political bearing was concerned, was that devoted to showing the errors of Mr. Dawes in the figures he gave to prove that the annual appropriations were increasing from year to year. Mr. Garfield stated positively that when the annual deficiency appropriations were charged to the fiscal year for which they were made, the total appropriations for every year since 1866 would be found to be less than for the year before. The process of reducterruption. He believed it could be carried still further before the Government reached the normal peace level of expenditure. If the House sustained his Committee, he hoped to bring down the appropria tions for the next fiscal year to \$27,000,000, exclusive of the Sinking Fund. The present condition of the Treasury was, he claimed, solely owing to the fact that since 1870 Congress had repealed taxes which produced \$146,000,000 annually. In the Summer of 1870, with a surplus of \$100,000,000, \$84,500,000 of revenue was dispensed with by reductions in the tariff and in internal taxes; and in 1872, in spite of the warnings of the Treasury that a reduction of more than \$58,000,000 would be dangerous, a reduction of \$62,000,000 had been made. It was this legislation which destroyed the surplus, and not extrava-

gant appropriations. As a sample of the economy his Committee and the House were practicing, he said that in the three appropriation bills already passed, a total reduction from the estimates of \$11,500,000 had been effected, and he put the probable grand total of reduction in all the bills at \$34,000,000. A classification of the appropriations into three groups, which he had made, showed that 54 per cent of the whole were for expenditures directly resulting from the war, in cluding interest on the debt; 18 per cent for the suport of the army and navy, and 28 per cent for all other purposes. Mr. Garfield's plan of economy was first, to dispense entirely with all unnecessary ex penses; and second, to postpone all expenditure that could be put off without injury to th of the Government.

The speech, which occupied nearly two hears in its delivery, is spoken of on all hands as a very able effort. Most of the Republicans regard it as a complete reply to Mr. Dawes's charges of extravagance. Mr. Beck will reply on behalf of the Democrats as soon as he can get the floor.

### THE DISTRICT INVESTIGATION. EXAMINATION OF CONTROLLER BAKER BY THE

SPECIAL COMMITTEE-WHY THE SCHOOL TEACH-ERS HAVE NOT BEEN PAID. IBY TREEGRAPH TO THE TRIBUNE!

WARRINGTON, March 5 .- The Special Committee to ovestigate the affairs of the District of Columbia examined but one witness to-day, Mr Baker, the Controller of the District Treasury. The objective point of the inquiry was to point out the exact condition of the school fund, and why it is that the teachers of the District have received no money since the first of last September, so that, as Mr. George F. Hoar said in the House the other day, they are now without shoes. The members of the District Government (and the newspapers here which support it) assert that the reason why this class of the District creditors have had to wait so long for their pay is that property-owners in the District' have not paid their taxes, or, in other words, that if the memorialists, who are all large tax-payers, were not delinquent, there would be money enough on hand to pay the teachers what is due them. They also assert that the school fund has been overdrawn \$170,000. The testimony of Mr. Baker showed:

First: That there were no delinquent taxes for the present year, the taxes for this year not becoming due until the first of July next. If any citizen pays in advance, he is allowed three-fourths of one per cent a month rebate. The charge, therefore, that the delinquency of tax-payers makes it impossible to pay the school teachers what is due them on this year's salary, is false, since none of this year's taxes are yet due; but many citizens of the District take advantage of the rebate offered and pay up in advance, so that there has been received on account of the school fund this year. \$131,956. Of this, about two-thirds was appropriated to pay teachers' salaries, so tha in round numbers the amount of money that has this year been available for the payment of teachers' salaries is about \$90,000. The monthly salaries of the teachers of the District were stated at \$8,000, which is probably too high, and as only two mouths' salary has been paid during the present fiscal year, about \$50,000 of this fund remains to be accounted for. What has been done with this did not appear in the examination to-day, but from some remarks that Mr. Baker made, it is inferred that it has principally been used to pay debts of the schools for the last and former years. Such a disposition of it was, of illegal and irregular, as no claims ought to be paid out of this year's fund that did not arise this year. In other words, if there was a deficiency last year, it ought to have been specially provided for, and not paid out of the fund set aside by law for the support of the schools for this year.

The examination to-day did not show any dishonest use of the school money, but it did show that the District Government have been misrepresenting the facts; and have used the school money collected since July last for other purposes than the payment of the school expenses for the current

#### year. This branch of the invettigation is not one suggested by the memorialists.

THE SANBORN BUSINESS.

MONEY PAID TO SANBORN FOR TAXES COLLECTED BY GOVERNMENT OFFICERS-LETTER FROM SUPER-VISOR TUTTON-THE OPERATIONS OF THE SPECIAL TREASURY AGENTS IN PHILADELPHIA.

INT TELEGRAPH TO THE TRIBUNE. Washington, March 5 .- The Commissioner of Inernal Revenue, at the request of the Committee of Ways and Means, has sent to the Committee the reent correspondence of his office with Supervisors of Internal Revenue, and others, in regard to the payment to Sanborn of money for the collection of taxes which were really collected by the Government officers, or were in a fair way to be collected by them. Among these documents was the following letter from Supervisor Tutton, which that gentleman referred to in his conversation with the Philadelphia correspondent of THE TRIBUNE, yesterday: United States Internal Revenue, Supervisor's Oppice, District of Pennstivania, New-Jenset, Delaware, Martiand, and the District of Columbia, Feb. 25, 1874.

The Hon. J. W. Douglass, Commissioner of Interna-

Sin: I have the honor to report that one John F. Bel is, as you are aware, one of the Special Treasury Agents, has, for some time past, ween reporting to the United States District-Attorney of this District, Will McMichael, certain legacy cases and succ taxes, which it is alleged have not been paid. In several of the cases reported to the District-Attorney. on the parties being notified by said Attorney it was shown that said taxes had already been paid. Thus you will perceive that persons who had already paid their taxes, are constantly being must consider Mr. Belsterling, who holds no co or letter of appointment from any officer of the Govern-ment, authorized to make such appointments, for I am not aware that Mr. Sanborn, although he may be a regularly appointed agent of the Secretary of the Treaary, has any authority as such to appoint Deputies.
With regard to the legacy and succession taxes, I have

County of Philadelphia are of record in the City and ounty of Philadelphia, and are of record in the proper revenue office of the city, whether they have been col lected or are in process of settlement. Of course there are many of those cases where there is more or less litt-gation about the property of the decedent, which causes delay in the settlement of the Government tax. In the early part of 1871 I took the precaution to have a list made from the records of the proper county officer for the City and County of Philadelphia, of every decedent dying prior to the repeal of the law taxing legacy and accessions, as also of the names and residences of the executors or administrators of all said estates. I then had those copied on the lists, according to locality, for each assessor, and forwarded said lists to the assessors of the five districts of Philadelphia, with justructions to rapidly as circumstances would permit. In a large number of the cases the assessments have been made and the tax already paid. There are, however, quite a number of cases in which, for various reasons, assess nents have not yet been made, but they are all being soked after by the proper local officers and will very All the cases reported to the District Attorney by Mr

Belsterling, Sanborn's reputed deputy, are found on these records in the Collector's office. I think it my duty to report these facts to you, and to enter my emphatic protest against this mode of procedure, that Mr Sanborn, or his agents, or any one else should be allowed collection or adjustment by the proper revenue officers, and receive pay from the Government for doing so, under contract or otherwise. I think it entirely wrong, and should not only be discouraged but prohibited. I rope, therefore, you will have instructions issued to United States District Attorney McMichael not to collect any taxes of that character may be due from parties residing in the City and County of Philadelphia in any other than the regular way of bringing suit for these taxes in cases where they refuse to pay said taxes to the Collector without suit being brought. Mr. Sanborn and his denuties might with the same propriety step in and collect a deficiency tax which the Collector has ascer tained to be due from a distiller or tobacco manufacturer, but which, for lack of certain information, or etherwise, has not yet been reported to you or

ing an appointment from the Secretary of the Treasury, called on me with reference to legacy and succession all estates liable to such taxes, were of record in the Collector's offices and would be attended to; that I had placed them there myself. Mr. Clark then referred to the Dundas estate, in which he said a fraudulent or insufficient return had been made, and I said if that was so that that was a proper case for his investigation and I subsequently rendered assistance in getting facts with reference to property belonging to that estate the State of Delaware, which enabled Mr. Clark, through the District-Attorney, to collect a considerable amount of tax estate. This, it seems to me, was a proper case to be adeviate. This, it seems to me, was a proper case to be ad-lusted by this Agent Clark, as he had formerly been employed by the representatives of the Dundas estate, and knew facts with regard to it that the Revenue offleers did not know, and probably never would have learned of, and, therefore, that portion of the tax would have been lost to the Government. But all these estates which were placed on record in the Collector's offices by me, together with the names and residences of the exme, together with the names and restances of the seutors and administrators, it appears to me should be adjusted by these revenue officers, who are employed by the Government for such purposes, and that no commission should be paid to any one else for doing said

work.

I hope, therefore, you will at once have DistrictAttorney McMichael instructed as to his daty in these
cases, for Mr. Beistering, not being an officer has no authority, and cannot make any such collections, except
through the District Attorney. Very respectfully.

ALEX. P. TUTTOR, Supervisor.

SECOND DEFEAT OF THE FRANKING BILL. DESPERATE EFFORT TO RESUSCITATE THE PACKER BILL-MR. BUTLER AND HIS FRIENDS FOILED-SPEAKER BLAINE'S OPPOSITION.

WASHINGTON, March 5 .- The attempt to resuscitate the moribund franking bill to-day came to a most lame and impotent conclusion. After a three hours' struggle the House found itself exactly where it started, except that the bill, having been a second time rejected, cannot again be reconsidered, and may now be said to be dead and buried. Mr. Sbanks made his motion to reconsider the vote whereby the bill was rejected last week, and in spite of a vigorous opposition, the motion was successfully fought through to a final vote, and prevailed by 121 Yeas to 106 Nays. Mr. Butler's active proselyting for votes was a noticeable feature of contest. The reconsideration brought the beaten Packer bill again before the House for action. Mr. Shanks moved to send it back to the Committee, which involved instructions to report the Butler bill back as a substitute. Everything appeared to be going on swimmingly for the frankers. The previous question was seconded by a vote of 102 to 74, and the main question ordered by 122 Yeas to 112 Navs.

At this point the Speaker decided that if the motion to recommit with instructions was lost the vote would come directly upon the original bill. Thereupon, a majority of Butler's recruits stampeded, unwilling to swallow as much of the old franking abuse as his bill contained. The motion to recommitwas lost Yeas, 45: Nays, 185. The roll was immediately alled on the passage of the Packer bill. Mr. Butler, with a small personal following, repeated his move of last week and voted against the bill, thus taking killing the one they wanted to pass. The vote was 111 to 120, so the bill was again rejected, and the

It is 120, so the bill was again rejected, and the subject disposed of for the present at least. It is said that Speaker Blaine used his influence to defeat the bill, and that his opposition, expressed in conversation with the members, had much to do with effecting its rejection. He referred to the fact that while thousands of petitions were sent to Congress for the repeal of the franking privilege, not a sent had been presented asking for its restornangle one had been presented asking for its restoraPRICE FOUR CENTS.

# FOREIGN NEWS.

MEETING OF THE BRITISH PARLIAMENT. MR. BRAND RE-ELECTED SPEAKER OF THE HOUSE OF COMMONS-PARLIAMENT TO ADJOURN TO MARCH 19. London, Thursday, March 8, 1874

The new Parliament assembled to-day.

The opening proceedings in the Chamber of Peers were formal and uninteresting.
In the House of Commons, Mr. Henry Chaplin.

Conservative, proposed and Lord Cavendish seconded a motion that Mr. Henry Bouverie Brand, Speaker of the last House, be declared Speaker of the present House. After eulogistic speeches, the motion was unanimously carried. Mr. Percy Herbert congratulated the Speaker in behalf of the absent Ministers, and Mr. Gladstone tendered him the compliments of the Opposition.

The swearing of members then began. Mr. Gladstone was most warmly received by the Liberal members when he entered the hall and took his seat on the front Opposition bench.

The search of the Parliament Building, which has been customary since the discovery of the Guy Fawkes Plot, was made this morning before the

assembling of the Lords and Commons. It is said that Parliament will soon adjourn to the

# THE ASHANTEE EXPEDITION.

CONFIRMATION OF THE REPORTS OF BRITISH SUC-CESSES - THE KING TAKEN A PRISONER TO SEE GARNET WOLSELEY'S HEADQUARTERS.

LONDON, Thursday, March 8, 1876 Dispatches have at last arrived from the Gold Coast, fully confirming previous reports of victory and dispelling the fears which were entertained for the safety of the expedition. The Ashantee King finally surrendered himself into the hands of the British troops, and was a prisoner at Sir Garnet Wolseley's headquarters.

BRAZIL AND THE ARGENTINE REPUBLIC. WAR BETWEEN THEM IMMINENT-MILITARY PREFA RATIONS.

Lishon, Thursday, March 8, 1894 The Brazilian mail steamer from Rio Janeiro Feb

has arrived. The probability of war with the Argentine States. on account of the new insurrection in Paragnay, was increasing, and there was a general decline of values

in consequence. Troops and vessels were going for

ward to Paragnay. At Buenos Ayres the elections were in progress, and were attended with intense excitement. Troops were being dispatched to various points on the frontier, and war with Brazil was looked upon as liable to break out at any moment.

Munitions were arriving from the United States

THE CIVIL WAR IN SPAIN. PURPOSES OF DON CARLOS-HE WILL BE CROWNED

KING OF SPAIN ON OBTAINING POSSESSIGN OF LONDON, Thursday, March 5, 1874 A special dispatch to The Times from

Sayonne contains the following intelligence, obtained from Carlist sources: Don Carlos has announced that it is not his intention to impose a contribution upon the population of Bilbao when that place is taken. On his entrance into the city he will proceed to the Cathedral and be crowned King of Spain. He will swear to support the liberties of the people, and will constitute a Government with Gen. Ello'as President of the Council An appeal will be made to the foreign Powers to recognize the belligerency of the Carlists. He will declare the Spaniards exempt from allegiance to any other Gov ernment than his own. He will draw \$5,000,000 as the first installment of a loan previously contracted.

JEAN LUIR COMMITTED FOR TRIAL-A WITNESS POR THE CLAIMANT HOPELESSLY SICK. LONDON, Thursday, March 8, 1874.

Jean Luie, the claimant's witness in the Tichborne case, was to-day fully committed for trial on the charge of perjury. Large crowds filled and sur-rounded the court-room in the expectation of seeing the claimant himself on this occasion, but the latter was not allowed to appear in the court.

Andrew Bogie, the old negro servant of the Tichberns family, and one of the strongest witnesses for the claim ant, has become hopelessly ill since the verdict was rendered against the latter.

THE FAMINE IN INDIA. ADDITIONAL PARTICULARS OF THE DISTRICTS IN

EASTERN TIRROOT. LONDON, Thursday, March & 1874.

Dispatches from Calcutta report that the distress among the famine-stricken people in Eastern Tirhoot is increasing. In one village alone eighteen persons have starved to death within the past four days. The number of applicants for employment on the Gov. ernment relief works has increased from 15,000 to 26,000

RELIGIOUS RIOTS IN EASTERN POLAND. LONDON, Thursday, March 5, 1874.

The correspondent at St. Petersburg of The Doily News writes under date of the 28th of February that serious rioting has occurred in Eastern Poland in consequence of the closing of the churches by order of the Government. At one place the disorder was so great that the military was realied out and fired on the rich ers, killing and wounding 70 persons.

ANOTHER GOVERNMENT TRICKSTER. THE ALLEGED IRREGULARITIES OF PRANK JOHNSON,

INSPECTOR OF CLOTHING AT THE PHILADELPHIA FROM THE REGULAR CORRESPONDENT OF THE TRIPOWS.

PHILADELPHIA, March 5 .- For several months an investigation into the affairs of the clothing department of the Philadelphia Arsenal has been pending before Col. D. B. Sacket, Inspector-General of the Army, specially detailed by the War Department for that purpose. The present Inspector of Clothing, Prank Tobreson, who has large powers in the granting of contracts, the condemning of work, and the care of value ble cloth and manufactured material, was appointed by President Grant, at the solicitation of Senator Cameron, Feb. 2, 1872, superseding Inspector Campbell, who had held the post with honor for 15 or 20 years. Beveral of the women who had been employed as seamstresses a few weeks ago came forward and made distinct charges against Johnson, alleging that he had required them to sign pay-roits for \$55 each, in "bold, large hands," on men's account, when they received only womeu's wages, \$25 and \$28; that he condemned by wholesale "large batches of clothing "without reason; that he took the time of the Government employés and applied it to work on some dity capes, which he subsequently gave to poor newsboys and had the "charity" paraded at large through the local newspapers; that he had his own uniform and bedding made by the Government tailors in Government time. held the post with honor for 15 or 20 years. Beveral of

own uniform and bedding made by the Government tailors in Government time.

In giving this false pay-foll, Johnson instructed the women to sign only the initial letters of their first name, and not the full christian name, showing the sex set the signer, evidently wishing to be understood by the Government disbursing officers that men had done service and were thus drawing mon's wares. It appeared also that he wanted all these irregularities consummated "before the captain came back," sliuding to Capt. Bodgers, his superior officer, who has just been assigned to the station, and is studiously engaged in ferreting out fraud in the conduct of this important department. Inspector-General Sacket has investigated these and other charges of irregularity, if not of fraud, and finds them substantially borne out by the facts, and has just sent his report to the War Department to that effect.

NAVAL INTELLIGENCE.

ARRIVALS AT KEY WEST-CORRESPONDENTS ORDERED TO LEAVE THE PLEET.

KEY WEST, March 5 .- The Wabash, Dee patch, and Pinta arrived to-day from Havana. Admiral Case, after reading the New-York newspapers which regited Commodore Parker with the management of the fleet evolutions, made a general aignal that all reporters be required to leave the fleet. All the correspondents thereupon left immediately.

NAVAL ORDERS. WASHINGTON, March 5 .- Chief Engineer J. Q. A. Zeigler has been detached from special duty at Key West and ordered to Philadelphia as inspector of coal, vice J. L. Vanciain ordered to the Philadelphia Navy-Yard.